

**CONFERENCE REPORT - ITEMS OF DIFFERENCE**  
**School Aid Supplemental, HB 4401**  
**FY 2004**

<b>SECTION</b>	<b>CURRENT LAW</b>	<b>EXECUTIVE RECOMMENDATION</b>	<b>AS PASSED THE HOUSE</b>	<b>AS PASSED THE SENATE</b>	<b>CONFERENCE</b>
Sec. 6(2)&(3) Definitions	"Pupil Retention Rate" is defined.	A definition of the "District High School Completion Rate" replaces the definition of "Pupil Retention Rate".	Concurs with the Executive.	Changes to "graduation rate", rather than "completion rate."	Concurs with the Senate.
<b>NEW</b> Sec. 6(5) PSA definition	Defines Public School Academy.	No change recommended.	No change recommended.	Adds urban High School Academy to the definition.	Concurs with the Senate.
<b>NEW</b> Sec. 6(18) Definition of Textbooks	N/A	N/A	N/A	Adds definition for textbook, which duplicates the definition in the school code and adds "or another type of course material that forms the basis of classroom instruction."	Concurs with the Senate.
Sec. 8b Assignment of PSA District Code	Requires the department to assign a district code to PSAs in a timely manner if they do not issue a code the State Treasurer may issue a temporary district code.	Current law.	Requires the department to issue a district code to an eligible PSA within 30 days or the State Treasurer shall issue a temporary district code.	Assigns a five digit district code to a new PSA if the department fails to do so within 30 days of the authorizing body submitting a contract and describes how the code will be determined.	Concurs with the Senate.

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Sec. 11(1) Total Appropriations	<p><b>School Aid Fund (SAF)</b> FY 2004 SAF appropriation of \$11,246,667,400.</p> <p><b>General Fund (GF/GP)</b> FY 2004 GF/GP appropriation of \$198,413,500.</p>	<p><b>School Aid Fund (SAF)</b> FY 2004 SAF appropriation of \$11,223,600,000.</p> <p><b>General Fund (GF/GP)</b> Contains no FY 2004 GF/GP appropriation.</p> <p><b>Other State Revenue</b> Replaces GF/GP revenues with \$198,600,000 of one-time funding from Revenue Sharing. States that upon certification that the School Bond Loan Fund debt has been refinanced, the proceeds shall be deposited into the school Aid Fund.</p>	<p><b>School Aid Fund (SAF)</b> FY 2004 SAF appropriation of \$11,063,658,400.</p> <p><b>General Fund (GF/GP)</b> FY 2004 GF/GP appropriation of \$206,870,100.</p> <p><b>Other State Revenue</b> Upon certification that the School Bond Loan Fund debt has been refinanced, the proceeds shall be deposited into the School Aid Fund. Assumes \$138.7 million in revenue to the School Aid Fund due to the refinancing.</p>	<p>Reduces the <b>FY 2003</b> appropriation by \$28,688,000 to reflect the savings from refinancing of the bonds and to cover estimated shortfalls in Renaissance Zone Costs, School Lunch, and School Breakfast programs.</p> <p><b>School Aid Fund (SAF)</b> FY 2004 SAF appropriation of \$10,938,778,600.</p> <p><b>General Fund (GF/GP)</b> FY 2004 GF/GP appropriation of \$306,800,000.</p> <p><b>New</b> Appropriates \$17,000,000 from expected <b>Merit Fund</b> lapses.</p> <p>Concurs with the Executive on the School Bond Loan Fund debt estimate of \$100,000,000.</p>	<p>Concurs with the Senate on the FY 2003 appropriation amount.</p> <p><b>School Aid Fund (SAF)</b> FY 2004 SAF appropriation of \$10,987,820,500.</p> <p><b>General Fund (GF/GP)</b> FY 2004 GF/GP appropriation of \$260,100,000.</p> <p>Concurs with the House on the <b>School Bond Loan Fund (SBLF)</b> refinance estimate of \$100,000,000. Adds language requiring funds from the SBLF refinancing to be appropriated to the School Aid Fund. Requires funds to be expended within 90 days, as required by federal regulations.</p>

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Sec. 11(3) Proration Language	The guaranteed FY 1995 foundation allowance for a public school academy (PSA) for the purposes of calculating a proration is the foundation allowance of the school district in which the PSA is located.	The guaranteed foundation allowance for a PSA for the purposes of calculating a proration is the lesser of the 1995 foundation allowance of the district in which the PSA is located, or \$5,500.	Replaces the current requirement for an across-the-board proration with a requirement for the state budget director to determine a fair and equitable method of reducing payments to districts.	Inserts language requiring any proration to be calculated and applied as described in subsection (4).	Concurs with the Senate.
<b>NEW</b> Sec. 11(4) Proration Language	N/A	N/A	N/A	New proration language. If proration is necessary, the reduction would be an equal per dollar amount, with 95% of the total proration absorbed by local districts and the remaining 5% of the shortfall deducted from intermediate school districts.	Concurs with the Senate, but adds a provision that entities that are non-school districts also receive a proration. The amount of proration for districts, ISDs, and non-districts is proportionate to the total amount of School Aid they receive.
<b>NEW</b> Sec. 11(5) FY 2003 GF Transfer	N/A	N/A	N/A	Transfers \$61,000,000 from the general fund to the SAF to cover the projected deficit in FY 2003.	Transfers \$51,000,000 from the general fund to the SAF to cover the projected deficit in FY 2003.

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<b>NEW</b> Sec. 11a School Aid Stabilization Fund	N/A	N/A	N/A	N/A	Establishes the School Aid Stabilization Fund within the School Aid Act. Sets up an automatic transfer to the SAF if expenditures exceed revenues. If there is insufficient funds available in the fund the remaining shortfall will be prorated as stated in section 11(4).
<b>NEW</b> Sec. 11b Transfer of Federal Funds	N/A	N/A	N/A	N/A	Transfers \$22,000,000 from general funds to the school aid stabilization fund.
<b>NEW</b> Sec. 11c Transfer of General Funds	N/A	N/A	N/A	N/A	Transfers \$73,100,000 from the general fund to the school aid stabilization fund if the balance in the general fund at the end of FY 2003 is at least \$350,000,000.

SECTION	CURRENT LAW	EXECUTIVE RECOMMENDATION	AS PASSED THE HOUSE	AS PASSED THE SENATE	CONFERENCE
Sec. 11g Durant Bonding Payment	Appropriates \$40,000,000 in FY 2004 to districts to make their "Durant" bond payment.	<b>Revised Recommendation:</b> Appropriates \$141,000 in FY 2004 (due to the refinancing of the bonds). The full payment will resume in FY 2006 at \$34,200,000.	Concurs with the Executive.	Concurs with the House for FY 2004.  Reduces the FY 2003 appropriation to \$141,000 from \$40,000,000, due to refinancing of the bonds and transfers \$11,171,000 to cover estimated shortfalls in Renaissance Zone Costs, School Lunch, and School Breakfast programs.	Concurs with the Senate.  Concurs with the Senate.
Sec. 11j. School Bond Redemption Fund	NA	NA	NA	NA	Appropriates \$28,300,000 in FY 2004 to make payments to the School Loan Bond Redemption Fund.

SECTION	CURRENT LAW	EXECUTIVE RECOMMENDATION	AS PASSED THE HOUSE	AS PASSED THE SENATE	CONFERENCE
Sec. 19 Federal No Child Left Behind Reports	Requires districts to comply with P.A. 25 of 1990. (This Act requires an annual education report, a school improvement plan, a core curriculum, and accreditation.) Requires districts to provide data prescribed by the Department for the development of reports.	<p>Strikes requirement to comply with P.A. 25 of 1990.</p> <p>Adds language to require districts to comply with the “No Child Left Behind” reporting requirements and reporting required by the National Center for Education Statistics.</p> <p>Requires districts to provide information necessary for the preparation of district and high school completion reports within seven weeks after the Fall count day. Also requires CEPI to report this information back to the legislature by June 1.</p>	<p>Retains requirement to comply with P.A. 25 of 1990, but only for requirements that are not also contained in the No Child Left Behind Act.</p> <p>Concurs with Executive on adding language to require districts to comply with “No Child Left Behind” reporting requirements and reporting required by the National Center for Education Statistics.</p> <p>Concurs with Executive on requiring information for the district and high school completion reports and on requiring CEPI to report this information back to the legislature by June 1.</p>	<p>Concurs with the House.</p> <p>Changes “completion” to “graduation.” Also adds only the information related to teachers and educational personnel that is necessary for NCLB requirements.</p> <p><b>NEW</b> subsection (8) added; requires the Department prior to publishing a list of schools not meeting adequate yearly progress (AYP), to allow districts to appeal such a determination, and the Department to act on such appeals within 30 days.</p>	<p>Concurs with the Senate.</p> <p>Concurs with the Senate.</p> <p>Concurs with the Senate.</p>

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Sec. 20(10) School Consolidated Foundation	The foundation allowance for districts that consolidate after June 1, 2002 is \$50 per-pupil above the highest foundation allowance of the consolidating districts, with the resulting allowance capped at \$8,000.	Deletes this subsection. (Adds a new Section 20L in its place.)	The new foundation allowance for districts that consolidate after June 1, 2002 is a pupil-weighted average of the foundation allowances of the original districts.	Concurs with the House.	Concurs with the House and clarifies that the state share of the foundation allowance of a newly-consolidated district cannot exceed the state maximum.
Sec. 20(19) Foundation Allowance Increase for Small Class-Size Grant Amount	The foundation allowance of a district that received a grant under former Sec. 32e for small class-size grants shall be increased by the per-pupil amount of the small class-size grant in FY 2002.	Current law.	The additional foundation allowance payment for a district that received a grant under former Sec. 32e for small class-size programs shall be reduced by 24.75% of the per-pupil amount of the small class-size grant in FY 2002. This reduction is a savings of \$6,600,000.	Reduces the class-size grant that was rolled into the foundation allowance by 10.16% of the amount they received in FY 2002. This is a reduction of \$2,600,000.  Adds two new flexibility provisions: 1. Allows districts to reduce class size in at least one of grades K-3, rather than all grades; and, 2. If a district meets AYP, then it can apply for a waiver to use funds in a new manner.	Retains the class-size grant that was rolled into the foundation allowance at 100% of the amount eligible districts received in FY 2002.  Concurs with Senate to add the two flexibility provisions.

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<b>NEW</b> Sec. 20(21) Failure to Override Millage Reduction	N/A	N/A	N/A	Adds a foundation allowance adjustment provision for a district failing to override a certain millage reduction in 1993. It is estimated that Wyandotte Schools would qualify under this section. The total adjustment is capped at \$100.	This subsection is not included.
<b>NEW</b> Sec. 20L School District Consolidations	NA	The new foundation allowance for districts that consolidate after June 1, 2002 is a pupil-weighted average of the foundation allowances of the original districts plus \$10.	Allocates \$1,000,000 for FY 2004 for incentive payments equal to \$50.00 per pupil in a consolidated district, or district formed by an annexation, not to exceed \$500,000.	Does not include this section.	Concurs with the Senate.
Sec. 22a Proposal A Obligation Payment (The required portion of the foundation allowance.)	FY 2004 appropriation of \$6,953,000,000.	Revised FY 2004 appropriation of \$6,826,000,000.  This estimate has been reduced by \$127,000,000 to reflect changes in pupil counts, taxable values and proposed changes to the membership blend.	Revised FY 2004 appropriation of \$6,849,000,000.  This estimate has been reduced by \$104,000,000 to reflect changes in pupil counts, taxable values, and changes in the reserves.	Revised FY 2004 appropriation of \$6,842,300,000.  This estimate has been reduced by \$110,700,000 to reflect changes in pupil counts, taxable values, and changes in the reserves.	Revised FY 2004 appropriation of \$6,816,000,000.  This estimate has been reduced by \$137,000,000 to reflect changes in pupil counts, taxable values, anticipated savings due to personal property tax audits, and changes in the reserves.



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Sec. 22b(1) Discretionary Payment (The discretionary portion of the foundation allowance.)	FY 2004 appropriation of \$2,880,000,000.	Revised FY 2004 appropriation of \$2,873,000,000.  This estimate has been reduced by \$7,000,000 to reflect changes in pupil counts, taxable values and proposed changes to the membership blend.	Revised FY 2004 appropriation of \$2,864,200,000.  This estimate reflects \$5,800,000 in changes due to pupil counts and taxable values changes.  This appropriation also reflects a \$6,600,000 reduction due to the 24.75% cut in Sec. 20(19), the small class-size adjustment, \$15,000,000 reduction from the elimination of Sec. 20(20), the Reform Board clause, and \$2,400,000 changes in declining enrollment.	Revised FY 2004 appropriation of \$2,881,399,900.  This estimate reflects \$9,000,000 million in changes due to pupil counts and taxable values changes.  The appropriation also reflects a \$2,600,000 reduction due to the 50% cut in Sec. 20(19), the small class-size adjustment, \$15,000,000 reduction from the elimination of Sec. 20(20), the Reform Board clause, and \$2,500,000 of changes in declining enrollment.	Revised FY 2004 appropriation of \$2,881,000,000.  This estimate reflects \$18,500,000 million in changes due to pupil counts and taxable values changes.  The appropriation also reflects a \$15,000,000 reduction from the elimination of Sec. 20(20), the Reform Board clause, and a \$2,500,000 increase due to expansion of the FY 2004 declining enrollment program to the Upper Peninsula.
Sec. 22b(5)-(9) Litigation Language	The State Budget Director is allowed to use funding under this section as payment for any amount owed to districts as a result of litigation.	Deletes subsections.	Concurs with the Executive.	Retains Current Law.	Concurs with the Senate.

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NEW Sec. 22F PPT Audits	N/A	N/A	N/A	Appropriates \$100 to districts for reimbursement of the costs of hiring a private contractor to audit nonhomestead personal property. Department of Treasury determines the reimbursement amount.	Does not include this section.
Sec. 24 Court-Placed Pupils	FY 2004 appropriation of \$8,900,000.	FY 2004 appropriation of \$10,900,000, an increase of \$2,000,000 for costs associated with new juvenile detention facilities.	Concurs with the Executive.	FY 2004 appropriation of \$8,000,000. Adds new language restricting any new program starting after the count day from receiving funding until all existing programs first receive 100% of the added costs.	FY 2004 appropriation of \$8,000,000 and concurs with new language added by Senate.
Sec. 26a Renaissance Zone Reimbursement	FY 2004 appropriation of \$10,174,000.	FY 2004 appropriation of \$27,910,000, an increase of \$17,736,000 for costs associated with new renaissance zones.	Concurs with the Executive.	Concurs with the House for FY 2004.  Increases the FY 2003 appropriation by \$8,526,000 to \$18,700,000.	FY 2004 appropriation of \$25,260,000.  Concurs with the Senate.
Sec. 31a(1) At-Risk Funding	FY 2004 appropriation of \$314,200,000.	FY 2004 appropriation of \$314,200,000.	FY 2004 appropriation of \$314,200,000.	FY 2004 appropriation of \$314,359,400 of which \$159,200 was transferred from the Department of Education budget.	Concurs with the House.

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Sec. 31a(4)&(11) At-Risk Program Uses	NA	Expands the allowable uses of funds to include tutorial services, and programs that combine academic, enrichment, and recreational activities.	Concurs with the Executive and adds early childhood programs, English as a Second Language (ESL) programs, and wireless technology programs described in Sec. 98b, as allowable uses of funds.	Replaces the allowable uses of funds with current law plus tutorial services, early childhood programs for ages 0-5, and reading programs under former section 32f. If a district meets AYP, then it can apply for a waiver to use these funds in a new manner.	Concurs with Senate, but adds English as a Second Language (ESL) programs to the list of allowable uses.
Sec. 31d(1) State School Lunch Program	Appropriates \$17,337,200 from the School Aid Fund and \$722,300 from the General Fund to make payments to districts, intermediate districts, and other eligible entities for the School Lunch program.	Appropriates \$21,300,000 from the appropriation in Sec. 11 to make payments to districts and public school academies for the School Lunch program.	Concurs with the Executive.	Concurs with the House, and adds language specifying how non K-12 districts and PSAs shall be paid (to reflect current practice at the Department of Education.)  Increases the FY 2003 appropriation by \$215,000 to \$18,315,000.	Concurs with the Senate.  Concurs with the Senate.
<b>NEW</b> Sec. 31e School Breakfast Program	N/A	N/A	N/A	Inserts \$2,430,000 in funds for FY 2003 for school breakfast program which is typically paid for in the Department of Education budget.	Concurs with the Senate.

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Sec. 32c. Early Childhood Grants	Appropriates \$2,000,000 in General Funds for early childhood grants.	Repeals section.	Appropriates \$1,000,000 for FY 2004.	Appropriates \$1,900,000 for FY 2004.	Appropriates \$250,000 for FY 2004.
Sec. 32d School Readiness	Allocates \$72,600,000 from the School Aid Fund to operate the Michigan School Readiness Program (MSRP) and \$200,000 from the General Fund to continue a longitudinal study of the MSRP.	Allocates \$72,800,000 from the appropriation in Sec. 11 to operate the Michigan School Readiness Program (MSRP). Allows \$200,000 of this amount to be paid to a qualifying intermediate school district to continue a longitudinal study of the MSRP.	Retains current law.	FY 2004 appropriation of \$66,928,400, a reduction of \$5,871,600. Also allows districts to use the funds for the current school readiness program or for the uses in former section 32b, Parental Involvement and Education (PIE) program.  Districts will get formula grants based on current law for school readiness distributions.	Concurs with the House to appropriate \$72,800,000.  Concurs with the Senate to allow districts to use funds for the uses in former section 32b.  Concurs with the Senate.
<b>NEW</b> Sec. 32j ISD Parenting Grants	N/A	Appropriates \$3,326,000 to intermediate districts for competitive grants to provide programs to parents of children age 5 or younger.	Concurs with the Executive.	Does not include this section.	Concurs with the House.

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<b>NEW</b> Sec. 34 Early Literacy Intervention	N/A	N/A	N/A	Creates to the Early Literacy Intervention Instructional Technology Fund within the Department of Treasury and adds \$100 placeholder. The fund is to make grants to districts for software-based early literacy intervention programs in grades K to 3.	Does not include this section.
Sec. 39a Federal Funds	Appropriates \$634,919,400 in federal funds from the "No Child Left Behind" act and \$6,495,300 in other federal funds for education.	Appropriates \$666,378,700 in federal funds for education (\$60,956,900 from the "No Child Left Behind" Act and \$5,421,800 in other federal funds for education) to reflect revised estimates from the Federal government.	Appropriates \$654,621,600 in federal funds for education to reflect revised estimates from the Federal government and transfers to other programs throughout the bill.	FY 2004 appropriations of \$644,490,600 in federal funds for education to reflect revised estimates from the Federal government and transfers to other programs throughout the bill.	FY 2004 appropriations of \$670,880,300 in federal funds for education to reflect revised estimates from the Federal government and transfers to other programs throughout the bill.

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Sec. 41 Bilingual Education	FY 2004 appropriates \$4,212,000.	FY 2004 appropriates \$4,212,000.	FY 2004 appropriates \$4,212,000.	FY 2004 appropriates a total of \$4,299,900, (\$3,067,800 state and \$1,232,100 federal). Language is added to state that funds shall be used solely for instruction in speaking, reading, writing, or comprehension of English. Also, pupils shall not be instructed or counted under this section for more than three years.	FY 2004 appropriates \$2,800,000 in state funds. Federal funds are in new Sec. 41a.  Concurs with Senate to make language changes.
<b>NEW</b> Sec, 41a Federal Bilingual Program	NA	NA	NA	NA	States that \$1,232,100 in federal Language Acquisition State Grant funds is appropriated for the instruction of pupils with limited English-speaking ability.
Sec. 51a(1) Special Education Funding	Allocates \$852,721,900 from state sources and all available Federal funding for Special Education programs.	Allocates \$885,183,900 from state sources and all available Federal funding from the Individuals with Disabilities Education Act for Special Education programs. The increase reflects revised data upon which the estimated program cost was made.	Concurs with the Executive.	Allocates \$878,200,000 from state sources and all available Federal funding from the Individuals with Disabilities Education Act for Special Education programs. The increase reflects revised data upon which the estimated program cost was made.	FY 2004 appropriation \$882,683,000 to reflect revised data.

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Sec. 51c Special Education Durant Payment	FY 2004 appropriation of \$621,900,000.  Provides funding for costs associated with Durant settlements that guarantees districts 28.6138% of total approved costs of special education services and 70.4164% of total approved costs of special education transportation.	FY 2004 appropriation of \$647,100,000.  The increase reflects changes in the cost data used to determine the estimated appropriations.	Concurs with the Executive.	FY 2004 appropriation of \$640,900,000.  The decrease in funding reflects changes in the cost data used to determine the estimated appropriations.	FY 2004 appropriation of \$644,400,000 to reflect revised data.
<b>NEW</b> Sec. 51e Special Education Pilot Projects	N/A	N/A	N/A	Adds a new section to allow a district to apply for a waiver of some special education rules. In addition allows up to 15% of special education funds to be used for pilot projects that target grades K-3 students that are at-risk of academic problems.	Does not include this section.
<b>NEW</b> Sec. 55a Children with Motor Impairments	N/A	N/A	N/A	Adds a grant of \$150,000 to Grand Valley State University for the purpose of making grants to centers that enhance the skills of children with motor impairments.	Appropriates \$50,000 to this program.

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Sec. 57(1),(2) Gifted and Talented Programs	Appropriates \$1,000,000 for gifted and talented programs, including \$600,000 to ISDs that provide support services for gifted and talented programs and \$400,000 for summer institutes.	Repeals section.	Appropriates \$150,000 to ISDs that provide support services for Gifted and Talented programs. Retains the language for summer institutes, but appropriates \$0.	Appropriates \$320,000 to ISDs for gifted and talented programs. Retains the language for summer institutes, but appropriates \$0. Renames the programs "Advanced and Accelerated" programs.	Appropriates \$50,000 to ISDs for gifted and talented programs. Concurs with Senate to retain the language for summer institutes and rename the program.
Sec. 57(3) Gifted and Talented Programs Offered by School Districts	Appropriates \$4,000,000 to districts for the development and operation of comprehensive gifted and talented programs.	Repeals section.	Appropriates \$850,000 to districts for the development and operation of comprehensive gifted and talented programs.	Appropriates \$1,280,000 to districts for the development and operation of Advanced and Accelerated programs.	Appropriates \$200,000 to districts for the development and operation of programs.
Sec. 61a Vocational Education	Appropriates \$31,027,600 for FY 2004 to support vocational education programs.	Reduces the appropriations by 3.25% or \$1,008,400 to \$30,019,200.	Concurs with the Executive.	Appropriates \$30,000,000 for FY 2004, this is a reduction of \$1,027,600 or 3.31% from current law.	Concurs with the Senate.
Sec. 62 Vocational Ed. Millage Equalization	FY 2004 appropriation of \$9,860,000.  FY 2004 per pupil amount is \$130,200.	FY 2004 appropriation of \$9,539,600, a reduction of \$320,400.  FY 2004 per pupil amount is \$137,700.	Concurs with the Executive.	Appropriates \$9,800,000 for FY 2004, this is a reduction of \$60,000 from current law.	FY 2004 appropriation of \$9,000,000.
Sec. 68 Career Preparation Program: Implementation	Allocates \$21,850,000 in FY 2004 to implement the Michigan Career Preparation System.	Repeals section.	Concurs with the Executive.	Appropriates \$10,000,000 to the Michigan Career Preparation System for grants and administration of the program.	Appropriates \$1,000,000 to these grants, a reduction of \$20,850,000.



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Sec. 74 Bus Driver Safety	FY 2004 appropriation of \$1,625,000.	FY 2004 appropriation of \$1,625,000.	FY 2004 appropriation of \$1,625,000.	Reduces the FY 2004 appropriation by \$125,000 to \$1,500,000.	Retains current law.
Sec. 81(1) ISD General Operations Funding	Appropriation of \$95,028,100 for FY 2004.	Appropriation of \$88,721,800, a reduction of 6.6% or \$6,306,600. Each ISD will receive 93.36% of its FY 2003 funding level.	FY 2004 appropriation of \$91,396,000, a reduction of 3.8% or \$3,632,100. Each ISD will receive 96.17% of its FY 2003 funding level.	FY 2004 appropriation of \$95,028,100, the same as current law.	FY 2004 appropriation of \$91,702,100. Each ISD will receive 96.5% of the FY 2003 funding level.
<b>NEW</b> Sec. 93 Study on Declining Enrollment	N/A	N/A	N/A	Allocates \$20,000 to the Legislature to reimburse the K-12 subcommittees for expenses incurred while undertaking a study on declining enrollment. Recommendations on long-term solutions must be made by December 1, 2003.	Does not include this section.

<b>SECTION</b>	<b>CURRENT LAW</b>	<b>EXECUTIVE RECOMMENDATION</b>	<b>AS PASSED THE HOUSE</b>	<b>AS PASSED THE SENATE</b>	<b>CONFERENCE</b>
Sec. 94a Center for Educational Performance and Information	<p>Appropriates general funds of \$4,500,000 in FY 2004, of which \$2,519,000 is to maintain the contract with Standard &amp; Poors for the development and maintenance of the School Evaluation Services informational website.</p> <p>Appropriates \$2,357,600 in FY 2004 from federal funds.</p>	<p>Appropriates state funds of \$863,400 in FY 2004. Eliminates the contract with Standard &amp; Poors.</p> <p>Allows CEPI to bill other departments as necessary to fulfill the reporting requirements of the No Child Left Behind.</p>	<p>Appropriates \$3,000,000 in FY 2004, of which \$2,000,000 is to continue a contract with Standard &amp; Poors.</p> <p>Concurs with the Executive.</p>	<p>Appropriates \$2,000,000 in State funds for CEPI. Also appropriates \$1,000,000 in federal Innovative Strategies grants to CEPI for a contract with Standard and Poor's for the School Evaluation Services web site, if CEPI determines a contract is warranted.</p> <p>Concurs with the House but makes a change to the billing language to say that the Center may bill departments as necessary in order to fulfill reporting requirements of state and federal law.</p>	<p>Appropriates \$1,863,400 in state funds for CEPI, this includes \$1,500,000 for a contract with Standard and Poor's.</p> <p>Does not include Senate language requiring the contract to be warranted by CEPI.</p> <p>Concurs with the Senate.</p>

SECTION	CURRENT LAW	EXECUTIVE RECOMMENDATION	AS PASSED THE HOUSE	AS PASSED THE SENATE	CONFERENCE
Sec. 98 Michigan Virtual University (MVU)	<p>Appropriates \$5,000,000 to MVU in FY 2004 for operations of the virtual high school, with \$3,500,000 of this allocated for developing innovative strategies to use wireless technology in the classroom.</p> <p>Appropriates \$6,584,700 in federal funds.</p>	<p>Appropriates \$2,000,000 to MVU in FY 2004, with \$1,000,000 of this allocated to the wireless technology program.</p> <p>No change in federal appropriations.</p>	<p>Appropriates \$1,000,000 to MVU in FY 2004. The wireless technology program and funding are transferred to Section 98b.</p> <p>Eliminates the federal appropriations.</p>	<p>Appropriates \$4,000,000 in State funding and \$2,500,000 in federal Improving Teacher Quality grants to MVU, with \$4,700,000 earmarked for online professional development activities</p> <p>Requires MVU to make at least 5 hours of online professional development available.</p> <p>Allows districts to have teachers take 5 hours of professional development through MVU and have those hours count as pupil instruction as part of the total allowed under section 101(10).</p> <p>Adds a provision allowing home-schooled or nonpublic students to use the services of MVU without cost (unless cost is assigned to a public school student), if their resident public district subscribes to services at MVU.</p>	<p>Appropriates \$750,000 in state funds and \$2,250,000 in federal funds for MVU, with \$1,250,000 earmarked for online professional development.</p> <p>Concurs with the Senate.</p> <p>Concurs with the Senate.</p> <p>Concurs with the Senate.</p>

SECTION	CURRENT LAW	EXECUTIVE RECOMMENDATION	AS PASSED THE HOUSE	AS PASSED THE SENATE	CONFERENCE
<b>NEW</b> Sec. 98b Freedom to Learn Program	N/A (The funding for the "Learning Without Limits" grants is currently in Section 98 at \$3,500,000.)	N/A (The funding for the grants is currently in Section 98 at \$1,000,000.)	FY 2004 appropriation of \$8,000,000 in school aid funds and \$16,712,700 in federal funds to expand the program to all 6 <sup>th</sup> graders.	FY 2004 appropriation of \$21,393,100 in federal funds to the program, renamed the "Limitless Learning" program.  Concurs with the House on the structure and goals of the program.	FY 2004 appropriation of \$22,000,000 from the school aid stabilization fund and \$17,343,200 in federal funds to the program, renamed the "Freedom to Learn" program.  Concurs with the House on the structure and goals of the program.
Sec. 99 Math and Science Centers	FY 2004 appropriations of \$10,232,300 for funding of 33 math and science centers through out the state.	Repeals section.	FY 2004 appropriation of \$5,000,000, a 51.1% or \$5.2 million decrease from current law. Requires a 10% local match.	Appropriates \$2,500,000 in State funding and \$2,487,700 in federal math/science partnership grants with preference in awarding federal grants to the existing centers.	FY 2004 appropriation of \$2,500,000 in state funds and \$2,487,700 in federal funds with preference in awarding federal grants to eligible existing centers.
<b>NEW</b> Sec. 99b Science Ed Grants	N/A	N/A	N/A	Appropriates \$50,000 to Oakland University for providing grants to at least one entity to provide science education curriculum through interactive video conferencing technology to districts across the state.	Does not include this section.

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Sec. 101(1),(2) Reporting of Days and Hours of Instruction	Reports pertaining to pupil counts and to the number of instructional days and hours provided by schools are submitted to the Department of Education.	The reports are submitted to the Center for Education Performance and Information.	Concurs with Executive.	Concurs with the House. Makes the following changes: 1) exempts districts from making up 30 hours of instruction time lost during April 3 through April 11 due to a storm; 2) increases the number of "snow days" from 2 days to 30 hours; 3) eliminates the 180 days of instruction time requirement and maintains the hours of instruction at 1,098; and 4) keeps in the language that states 75% of a district's membership must be in attendance in order to count it as a day of instruction.	Concurs with the Senate.
Sec. 104a High School Assessments	Includes provisions relating to the Michigan Educational Assessment Program for high school pupils.	No change recommended.	No change recommended.	Adds the ACT/ACT Work Keys tests as a possible designation for high school assessments. Includes technical changes to the Department of Treasury.	Concurs with the Senate.

SECTION	CURRENT LAW	EXECUTIVE RECOMMENDATION	AS PASSED THE HOUSE	AS PASSED THE SENATE	CONFERENCE
Sec. 107(1) Adult Education Appropriation	Appropriates \$77,500,000 in School Aid Funds for Adult Education programs.	Appropriates \$20,000,000 in School Aid Funds for Adult Education programs, a reduction of \$57,500,000.	Appropriates \$28,456,700 in School Aid Funds for Adult Education programs, a reduction of \$49,000,000.	Appropriates \$19,303,700 in School Aid Funds and \$20,696,300 in federal 21 <sup>st</sup> Century Community Learning Centers grants.	Appropriates \$20,000,000 in state funding and no federal funding.
Sec. 107(3) Allocation of Adult Education Funding	Allocates funds to districts operating adult education programs based on a formula.	Allocates to districts 26.66% of the amount they received under this section in FY 2002.	<p>Allocates to districts 36.72% of the amount they received under this section in FY 2002.</p> <p>Allocates an additional \$100 to a program that was operated in conjunction with the Michigan Career Technical Institute (MCTI) in FY 2003.</p>	<p>Allocates to districts a maximum of 25.74% of the amount they received under this section in FY 2002.</p> <p>Additional language was included to give preference in awarding the federal grants to providers of adult education programs.</p> <p>Did not include MCTI language.</p>	<p>Allocates to districts a maximum of 26.67% of the amount they received under this section in FY 2002.</p> <p>Additional language to give preference in awarding the federal grants was not included.</p> <p>Did not include MCTI language.</p> <p><b>New</b> Forgives future repayments by districts that resulted from pupil audits in adult education and alternative education programs in FYs 2000, 2001 and 2002</p>

SECTION	CURRENT LAW	EXECUTIVE RECOMMENDATION	AS PASSED THE HOUSE	AS PASSED THE SENATE	CONFERENCE
<b>NEW</b> Sec. 107a Family Resource Center Study Committee	N/A	N/A	N/A	Creates a blue ribbon committee to develop a new system of delivering adult education and related family services in 2004-05. Stipulates that the members shall include 2 Senators, 2 Representatives, and representatives from MACAE, MI Works program directors, MI Works Association, Adult Education directors, and the state Adult Education director.	Concurs with the Senate.
Sec. 108 Partnership for Adult Learning	Appropriates \$20,000,000 for the Partnership for the Adult Learning Program ("PAL" grants).	Repeals section.	Concurs with Executive.	Appropriates \$10,000,000 for the PAL program.	Appropriates \$1,000,000 for FY 2004.

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Sec. 147 Public School Employees' Retirement Rate	Gives the estimated annual level percentage of payroll contribution that districts must pay for teacher retirement for FY 2002 and FY 2003.	Estimates the FY 2004 rate to be 14.37%, but states that it will instead be 12.99% if all of the approximately 140 districts participating in the School Bond Loan Authority assist the state treasurer in refinancing School Bond Loan debt. The contribution rate reflects a 33-year amortization period.	Concurs with Executive.	Concurs with the House and adds language specifying that those "eligible" districts that do not refinance shall pay 14.37% in estimated retirement contribution rates.	Concurs with the Senate.
Sec. 166a Sex Education Classes	Requires the district or ISD to make the curriculum available in advance to parents or legal guardian for their review and also allows a pupil to opt out of the sex education curriculum with written request from parent or legal guardian	No change recommended.	No change recommended.	Adds a subsection stating that instructors teaching sex education must inform pupils that having sex or sexual contact with another student under the age of 16 is a crime punishable by prison and that they will also be listed on sex offender registry for at least 25 years.	Concurs with the Senate.



SECTION	CURRENT LAW	EXECUTIVE RECOMMENDATION	AS PASSED THE HOUSE	AS PASSED THE SENATE	CONFERENCE
Enacting Sec. 2(1) Sections Repealed Upon Enactment		Repeals the following sections as of October 1, 2003: Sec. 8 (Reporting Dropout Rates), Sec. 8c (Broadband Study), Sec. 11j (School Bond Loan Redemption Fund), Sec. 18d (Membership Dispute), Sec. 32a (ASAP Program), Sec. 32b (Parenting Program), Sec. 32c (Early Childhood Grants), Sec. 32f (Reading Grants), Sec. 55 (Autism Grant), Sec. 57 (Gifted and Talented Program), Sec. 67 (Career Preparation: Planning), Sec. 68 (Career Preparation: implementation), Sec. 94 (Accreditation Assistance), Sec. 96 (Golden Apple), Sec. 99 (Math & Science Centers), Sec. 99a (School Health Curriculum), Sec. 108 (Partnership for Adult Learning), Sec. 121a (Local Treasurer Payment), Sec. 158 (Pupil Retention Report), Sec. 164c (Foreign Goods), Sec. 166 (Family Planning)	Repeals the following sections as of October 1, 2003: Sec. 8 (Reporting Dropout Rates), Sec. 8c (Broadband Study), Sec. 11j (School Bond Loan Redemption Fund), Sec. 18d (Membership Dispute), Sec. 32a (ASAP Program), Sec. 32i (Intent Language), Sec. 55 (Autism Grant), Sec. 67 (Career Preparation: Planning), Sec. 68 (Career Preparation: Implementation), Sec. 94 (Accreditation Assistance), Sec. 96 (Golden Apple), Sec. 99a (School Health Curriculum), Sec. 108 (Partnership for Adult Learning), Sec. 121a (Local Treasurer Payment), and Sec. 158 (Pupil Retention Report).	Repeals the following sections as of October 1, 2003: Sec. 8 (Reporting Dropout Rates), Sec. 8c (Broadband Study), Sec. 11j (School Bond Loan Redemption Fund), Sec. 18d (Membership Dispute), Sec. 32a (ASAP Program), Sec. 32i (Intent Language), Sec. 55 (Autism Grant), Sec. 67 (Career Preparation: Planning), Sec. 94 (Accreditation Assistance), Sec. 96 (Golden Apple), Sec. 99a (School Health Curriculum), Sec. 121a (Local Treasurer Payment), and Sec. 158 (Pupil Retention Report).	Concurs with the Senate, but does not repeal Sec. 11j.

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Enacting Sec. 3. Effective Date		This act takes effect October 1, 2003, except Secs. 20L (Consolidation), 20k (Hold Harmless Districts), and 32j (ISD 0 – 5 Grants), which take immediate effect.	This act takes effect October 1, 2003, except Secs. 20 (Foundation Allowance), 20k (Hold Harmless Districts), 32j (ISD 0 – 5 Grants), and 98b (Freedom to Learn grants), which take immediate effect.	This act takes effect October 1, 2003, except Secs. 11 (Total Appropriations), 11g (Durant Debt Service), 20 (Foundation Allowance), 20k (Hold Harmless Districts), 26a( Renaissance Zones), 98b (Freedom to Learn grants), and 107a (Blue Ribbon Committee), which take immediate effect.	Concurs with the Senate and adds Sec. 24 to immediate effect.